

From: JAN GOZDZIALSKI [jan@fwtpfcu.org]
Sent: Monday, March 30, 2009 3:58 PM
To: Regulatory Comments
Subject: Comments on Advanced Notice of Proposed Rulemaking for Part 704

March 30, 2009

Mary Rupp
Secretary of the Board
NCUA
1775 Duke Street
Alexandria, VA 22314-3428

Re: ANPR to 12 CFR Part 704 regarding Corporate Credit Unions

Dear Ms. Rupp:

In response to your proposed rulemaking and request for comment on corporate credit unions, let me first state that NCUA is at the center of this for blame on many levels. As a small credit union, our examiners are on us for the merest infraction always quoting "safety and soundness". One examiner has gone over our policies and simply didn't like a sentence structure and wrote that up as if that was some major issue. When I asked, tho, why NCUA didn't monitor the corporate situation and note that all these investments were not sound, the reply was "We don't have the manpower." Wow! Worry that a \$22M credit union doesn't have the right wording in a policy, but let a corporate crash and burn! Makes sense.

Furthermore, when I personally asked a NCUA Regional Director why more oversight wasn't done on the security investments, his cavalier answer was "Two years ago it wasn't an issue." Really? Two years ago no one thought that making home mortgages to people with poor credit, or no proof of income was an issue? No one ever thought that these types of loans would default? Yet our examiners question why we give loans to members we've known for years because it looks "risky" to them. Based on their once a year review, they can destroy our CAMEL numbers based on what they don't like us doing.

Now I know this frustration does not "fix" the issues at hand, and clearly there is a fix already in the bag, since NCUA has allowed PIMCO to audit, and now possibly purchase some of these investments (what.no conflict of interest here?). But since I'm being allowed to help address this I will do so:

1. First, let the corporates that need to fail, fail. Simple. Use their capital first before you rape ours. Then let the sharks that are waiting to come in for the kill take over and devour what is left.
Sure, you may be left with only a few corporates, but hey, that's the rule of the jungle. Strong survive. Why prop up the weak? Wouldn't that be what happens to us when we eventually are merged?
2. When regulating the surviving corporate system, make sure NCUA has a better plan for risk management of their investment system. Start putting some ratios together on how much high risk they can take on, and really know what investments are high risk ("sub-prime" always sounds risky to me!).
3. Very risky to think about allowing directors to receive compensation on the cooperative system. Opens all kinds of Pandora's boxes. Won't be long til directors at all levels catch on and want some of the goodies. Then the whole idea of being a coop goes out the door (taxation anyone?).
4. On the idea of risk based capital and that credit unions would

have to contribute capital before receiving services sounds a little like strong arming to me. We already pay for the services we use, and now we have to let the corporates potentially screw our capital too (Not that they haven't!)? I know that other corporates are pushing for this (good self interest there), but it's not allowing for true competition if we force it. We don't tell our members you can't have a checking account here if you don't bring your loans over, or your CD's at the bank. Obviously we try to compete for them through better rates and better service (now that might make sense!).

5. Lastly, since NCUA has already decided the best plan is to assess natural person credit union's in the clean up of this mess, DO NOT then turn around and take TARP money!!!! If the plan is to screw us first and then the taxpayer, then stop this train wreck now! For sure I will want off.

Over 100 years ago, credit unions were formed to help the working class folks with day to day needs that banks would only offer to the wealthy.

No one could have guessed that the plan of "People helping People" would be "People Bailing Out Corporates". Everyone needs to step back and remember what the point is (Dan Mica included). Ultimately it is our members who are going to make the fix.

Sincerely,

Jan Gozdzalski
Vice President
Texas People F